

Item #: _____

Prepared By: Raymond P. Pipkin

Commissioner: _____

Approved By: Susan Callison/Christy Kinard

RESOLUTION TO AFFIRM AND CLARIFY THE "PICK UP" BY SHELBY COUNTY GOVERNMENT OF EMPLOYEE CONTRIBUTIONS TO THE SHELBY COUNTY RETIREMENT SYSTEM CONSISTENT WITH SECTION 414(h)(2) OF THE INTERNAL REVENUE CODE.

WHEREAS, Section 414(h)(2) of the Internal Revenue Code of 1986, as amended, provides certain tax advantages to employees when the employer "picks up" mandatory employee contributions to retirement plans; and

WHEREAS, By resolution adopted on December 17, 1984 and subsequently amended by Resolution adopted on May 13, 1985, the Shelby County Commission adopted an amendment to Plan B of the Retirement System to provide for employer pick up of employee contributions to Plan B effective June 1, 1985; and

WHEREAS, By resolution adopted on June 19, 2000 the Shelby County Commission adopted certain amendments to Plan A of the Retirement System, including an amendment to provide for employer pick up of employee contributions to Plan A effective July 1, 2000; and

WHEREAS, By resolution adopted on November 22, 2004 the Shelby County Commission adopted Plan C of the Retirement System, including a provision to provide for employer pick up of employee contributions to Plan C effective September 1, 2005; and

WHEREAS, The Internal Revenue Service through Revenue Rulings and other pronouncements have indicated that employer approvals of the employer pick up of employee contributions should preferable include certain specific language and these pronouncements make it desirable for Shelby County Government to affirm and clarify the pick up of employee contributions; and

WHEREAS, Shelby County Government has at all times since adoption of its first employer pick up provision maintained and operated its employer pick up consistent with past and current requirements (other than minor wording of the prior resolutions);

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF SHELBY COUNTY, TENNESSEE, That the existing employee contribution pick up arrangements are hereby affirmed as related to contributions prior to the date of this Resolution; and

BE IT FURTHER RESOLVED, That existing and future employee contributions to any plan of the Shelby County Retirement System shall be subject to the following:

1. Pursuant to Section 414(h)(2) of the Internal Revenue Code of 1986, as amended, Shelby County Government shall pick up member contributions of its employees to the Shelby County Retirement System.
2. Such employer pick up contributions although designated as employee contributions shall be made by Shelby County Government in lieu of employee member contributions.
3. Employee member contributions so picked up shall be paid from the same source of funds as used in paying the wages to affected employees by reducing the wages of affected employees.

4. The affected employees shall not have the option of receiving the picked up amounts directly instead of having them paid by the County to the Retirement System.
5. Amounts picked up by the County shall be treated for all purposes other than income taxation in the same manner and to the same extent as employee contributions made prior to the pick up arrangement.

Joyce Avery, County Mayor

Date: _____

ATTEST:

Clerk of County Commission

ADOPTED: _____